

AARP says electrical rates too high; Alabama Power says usage main cause of high bills

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As state officials ponder a change to Alabama Power's rate structure, one advocacy group says that high electrical rates are endangering the health of older people.

"People shouldn't have to choose between buying medicine and paying the power bill," said Gay Watson, spokeswoman for the Alabama branch of the AARP, once known as the American Association of Retired Persons.

Earlier this month, AARP launched a Youtube video advertisement featuring one retiree who says she doesn't turn on her air conditioning until the temperature hits 95 degrees. Another woman in the video says she sometimes has to choose between filling a prescription for insulin and paying her power bill.

AARP's campaign comes as the state's Public Service Commission mulls changes to Alabama Power's rate structure. Since the early 1980's, the PSC has allowed the power company to set its rates based on a guaranteed rate of return on the money invested by the company's stockholders. If return on equity falls below 13 percent, Alabama Power gets to raise the rates it charges customers to make up the difference. If the return on equity rises above 14.5 percent, the power company has to cut rates.

Critics of Alabama Power say that other states set the return on equity at around 10 percent, and are calling on the PSC to lower Alabama Power's rate to a similar level. AARP claims the change would save Alabama residents \$287 million per year.

In the PSC hearings, Alabama Power representatives countered that their prices — about 11 cents per hour — are slightly lower than those in neighboring states, according to the Associated Press.

If Alabamians are seeing high electricity bills, company representatives say, it may be because they actually use more electricity than other states. Hot temperatures drive up power use in the summer, company officials say, and Alabama residents typically use electricity to heat their homes in the winter, while colder states rely on heating oil.

"Alabama customers as a whole use electricity for more purposes than you'll find in other states," said Ike Pigott, a spokesman for Alabama Power.

In an email to The Star, PSC President Twinkle Cavanaugh said it wouldn't be appropriate to speculate on whether the commission would vote to lower the rate. She did say, however, that "some real changes" were likely.

PSC member Terry Dunn said he hopes to bring the company's return on equity down to around 10 percent. Asked if he would support a smaller cut in the rate, Dunn said he wasn't likely to

compromise.

"I will not vote for it if it's not where it should be," he said.

A vote on the rate change won't happen until the PSC's August or September meetings, Cavanaugh said.

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